IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

No. 80-1142

SOWECO, INC.,

Petitioner,

v.

SHELL OIL COMPANY AND
SHELL CHEMICAL COMPANY,

Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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This is a private trademark dispute between Petitioner and Respondents having considerable factual and legal complexities, but absolutely no issue of substantial public significance. Petitioner Soweco owned a federal registration for the mark LARVACIDE for use on grain and soil fumigants. Respondent Shell[1] was using the word "larvicide" (in the commonly-accepted dictionary meaning of that word) to fairly describe its cattle and poultry products as agents for killing fly larvae.

This Court long ago addressed and settled the issue presented by these facts. Because of the importance that descriptive terms and common descriptive names (i.e., generic terms) remain in

[1] Shell Chemical Company is an operating division of Shell Oil Company (R.763); these entities will be referred to herein as "Respondent" or "Shell." In accordance with Rule 28.1, Shell's affiliated companies are listed in Appendix 1.

the public domain for use in their normal *descriptive* sense, public policy mandated that such use be freely allowed. This basic principle was essentially codified in the Lanham Act, specifically at 15 U.S.C. § 1115(b)(4), 15 U.S.C. § 1065(4), and 15 U.S.C. § 1064(c).

This case received the careful attention of twelve jurors for several days of trial. The findings of the jury were carefully reviewed by an outstanding district judge. An attentive panel of the Fifth Circuit Court of Appeals granted Petitioner an unusually long oral hearing, wrote a lengthy opinion and then considered Petitioner's arguments on motion for rehearing. After careful deliberation, these jurors and judges [twelve jurors, the district judge, and a unanimous panel of three Court of Appeals' judges] came to the same basic conclusion: defendant's use of the word "larvicide" has at all times been a legally permissible "fair use."

The case was correctly decided below; it contains no issue of substantial public significance.

Accordingly, the Petition should be denied.

I. STATEMENT OF THE CASE

An accurate statement of the facts may be found in the opinion of the Court of Appeals for the Fifth Circuit, 617 F.2d 1178, 1181-82 (5th Cir. 1980).[2]

This litigation concerns the word "larvicide" and Shell's right to use that word in advertising and labeling its products that are

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[2] This section of the opinion below, 617 F.2d at 1181-82 which is included at pages 5a-6a of Appendix A to the Petition, contains one misstatement. The third footnote incorrectly indicates that Soweco was formed in 1977. The correct year is 1974 (Tr. Vol. I at 14).

For convenience, future references to the opinion below will be made by citation to both the Federal Reporter and to the Appendices to the Petition for a Writ of Certiorari, e.g. 617 F.2d at 1181-82, App. A at 5a-6a.

effective to kill insect larvae. The word is defined in *Webster's Third New International Dictionary* as follows:

> larvicide *also* larvacide: an insecticide or other pesticide used for killing larvae — compare adulticide.

(DX 1; Tr. Vol. IVA at 291, 296; Tr. Vol. V at 357).

As the evidence showed, the word "larvicide" is defined in a similar fashion in many other dictionaries.[3] In short, the word "larvicide" has a commonly-accepted meaning in the English language, which is: *something that kills larvae.*

Use of the word has not been confined to the lexicographer. Quite to the contrary, the word "larvicide" has been extensively used for many years (since at least as early as 1900) in such reputable journals as the *British Medical Journal* (Tr. Vol. IVA at 300), and has been consistently used over the years in government publications, including publications of the United States Department of Agriculture, and in other technical literature such as *Biological Abstracts* (Tr. Vol. IVA at 299-301). In all of these uses, the term has been used to define or mean, *an agent or substance for killing larvae.*

The word "larvicide" is formed from the suffix *-cide,* meaning "killer," and the prefix *larva,* indicating what is killed, i.e., the word is formed in the same way as many other commonly used words such as *pesticide, herbicide, fungicide, insecticide, homicide* and *suicide.*

II. SUMMARY OF ARGUMENT

The Petition raises two issues (couched by Petitioner as three reasons) for consideration by this Court.

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[3] See for example, *Webster's New International Dictionary, Second Edition* (1934) (DX2A, Tr. Vol. IVA at 296), *Webster's New Collegiate Dictionary* (DX 2B, Tr. Vol. IVA at 296), *Funk and Wagnalls Standard Dictionary of the English Language* (DX 2C, Tr. Vol. IVA at 297), and *The Oxford English Dictionary* (DX 2D, Tr. Vol. IVA at 297) (DX 2A-2D were introduced into evidence at Tr. Vol. V at 357).

The first issue is whether Petitioner was denied its right to trial by jury under the Seventh Amendment, because of the granting of a judgment notwithstanding the verdict on Petitioner's state law unfair competition count. Rule 50(b) Fed. R. Civ. P., and the decisions of this Court addressing the rule, have upheld the constitutionality of this procedure.

The second issue is whether the court below properly construed the jury verdict in rendering judgment for Respondent based on the "fair use" defense, 15 U.S.C. §1115(b) (4). Explicit in the jury verdict was that Respondent used the word "larvicide" otherwise than as a trademark. The interpretation of the jury verdict, therefore, is consistent with the provisions of the statute, and relief under the Lanham Act was properly denied.

A careful reading of the opinion below illustrates that it presents no conflict with the "Erie Doctrine." Rather, the state law was fully considered and applied. 617 F.2d at 1190-91, App. A at 16a-17a.

The issues presented by Petitioner, therefore, revolve solely around decisions made below as to the sufficiency of the evidence and as to the interpretation of the jury verdict. There are no new issues of substantial public significance presented to the Court.

III. ARGUMENT

A. The Petitioner was Accorded its Right to Trial by Jury — The Constitutionality of Rule 50(b), Federal Rules of Civil Procedure, is Well Established

Petitioner urges that it was denied its right to trial by jury in two ways. First, Petitioner argues (through a convoluted reading of Special Issues Nos. Seven, Nine, Eleven and Twelve), that denial of relief on its Lanham Act count is contrary to the jury's verdict. Second, Petitioner argues that entry of judgment notwithstanding the verdict on the state law count deprived it of trial by jury. In fact, both judgments were based on the findings of the jury and are supported by such findings.

1. Lanham Act count

The jury found that Shell's use of the word "larvicide" was a fair use in the following special issue:

SPECIAL ISSUE NO. NINETEEN

> Do you find from a preponderance of the evidence that Shell has used the word "larvicide" *otherwise than as a trademark* fairly and in good faith only to describe to users the nature of its products? (emphasis added)
>
> In connection with the foregoing issue, you are instructed that the word "fairly" means something that is characterized by honesty and not done with deceit or wrongful intent.
>
> The term "good faith" means something that is done with pure intent and not with an intent to injure or harass, vex or annoy.
>
> The term "trademark" includes a word, name, symbol or device, or any combination thereof, adopted and used by a manufacturer or merchant to identify his goods and to distinguish those goods from those manufactured or sold by others.
>
> *Answer:* Shell has fairly and in good faith used the word "larvicide" only to describe the nature of its products.

617 F.2d at 1196, App. A at 23a.

The basic principles which are now referred to as "fair use" developed at common law from the decisions of this Court and were codified in the Lanham Act as Section 33(b)(4), 15 U.S.C. §1115(b)(4).

The rule developed at common law that terms which are merely descriptive of the qualities, ingredients or characteristics of a product cannot be appropriated by any one person to the exclusion of all others. *Delaware & Hudson Canal Co.* v. *Clark*, 80 U.S. (13 Wall) 311 (1872); *Standard Paint Co.* v. *Trinidad Asphalt Manufacturing Co.*, 220 U.S. 446 (1911); *William R. Warner & Co.* v. *Eli Lilly & Co.*, 265 U.S. 526 (1924).

There are two basic reasons for the common law rule regarding descriptive marks. One is that a descriptive term cannot function to identify and distinguish the goods of only one seller in the marketplace. The second, and the one of importance in the present context, is that descriptive terms are words in the public domain, and it is fundamental that all persons should be free to use those terms *to describe* their goods. *See, Estate of P. D. Beckworth, Inc.* v. *Commissioner of Patents,* 252 U.S. 538 (1920).

Thus, even though there was a right at common law to protect the goodwill and reputation of one's business that attached to a trademark used in conducting the business, the common law recognized a broader public right: that one may not appropriate to his own exclusive use a word which already belongs to the public and which may consequently be freely used by any member of the public.

The principle is illustrated by the case of *Clotworthy* v. *Schepp*, 42 F. 62 (S.D.N.Y. 1890). There, a manufacturer of uncooked pudding sold in packages under the trademark "Puddine," sought to enjoin another's use of the word "pudding" to describe his product. The court held that the manufacturer could not enjoin the maker of a similar preparation from using the word "pudding" to truthfully describe his product.

To discourage commercial fraud, trademark protection for descriptive marks was extended, but only in recognition of consumer acceptance of such marks as denoting only one seller or source. That is, trademark protection was afforded a descriptive term only where the user had proven a "secondary meaning," *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.*, 305 U.S. 315 (1938).

Therefore, it became possible for a word to have two meanings: (1) a primary, descriptive meaning and (2) a secondary, trademark meaning as identifying and distinguishing goods of a particular source. However, under the principles previously

enunciated by this Court, one still could not validly assert an exclusive right against use of a mark in its primary, *descriptive* sense.

When Congress enacted the Lanham Act, it guaranteed that all persons retain the right to use a descriptive term *in its descriptive sense*. Thus, a defense, even where a registered mark has become technically "incontestable" under provisions of the Act, is afforded upon demonstration by a defendant that his

> use of the name, term or device charged to be an infringement is a use, otherwise than as a trade or service mark, . . . of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party. . . .

15 U.S.C. §1115(b)(4).

The jury here found that Respondent's use of the word "larvicide" was a *fair* use, otherwise than as a trademark, in accordance with the statutory provisions of this defense. The court below relied on this finding as the appropriate finding in denying relief under the Lanham Act. As the court below noted, Special Issues Eleven and Twelve, which are so heavily relied on by Petitioner here, do not present the appropriate inquiry with regard to the fair use defense and should be disregarded for such purposes. The court below was absolutely correct in concluding that these special issues were meaningless, since they "concern various *word combinations*, not simply the term 'larvicide.'" 617 F.2d at 1189, App. A at 14a.[4] The court below properly construed the verdict.

Even if the finding in Special Issue No. Nineteen were not controlling of the Lanham Act count, the answers to Special

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[4] These issues were proposed by Petitioner and were submitted over Respondent's objection [R. 1046-1047]. Indeed, as the court below noted, "It is difficult for us to discern how the jury could have answered Special Issues Eleven and Twelve in the negative; obviously, the word combinations were being used to identify Shell's goods." 617 F.2d at 1189, App. A at 14a.

Issues Nos. One and Three would be .617 F.2d at 1189, n.30, App. A at 15a, n.30.

Petitioner was accorded its right to trial by jury on the Lanham Act count.

2. The state common law count

Fundamental to a common law unfair competition claim (at least in Texas) is a showing that the defendant's use is *likely to confuse* consumers. *Harrelson* v. *Wright,* 339 S.W.2d 712 (Tex. Civ. App.-Eastland 1960, writ. ref'd).

In addressing the issue of likelihood of confusion, the jury here answered as follows:

SPECIAL ISSUE NO. ONE

Do you find from a preponderance of the evidence that the ordinary consumer of agricultural chemical products, giving that attention which such persons usually give in consuming the product in question, would likely be mistaken, confused, or deceived by Shell's use of the product name "Rabon® Oral Larvicide" so as to cause such consumer to believe that Shell's product is in some way connected with Soweco's product named "Larvacide"?

Answer: The ordinary consumer is NOT likely to be confused.

SPECIAL ISSUE NO. THREE

Do you find from a preponderance of the evidence that the ordinary consumer of agricultural chemical products, giving that attention which such persons usually give in buying and using the product in question, would likely be mistaken, confused, or deceived by Shell's use of the product name "Poultry Spray and Larvicide" so as to cause such consumers to believe that Shell's product is in some way connected with Soweco's product named "Larvacide"?

Answer: The ordinary consumer would NOT likely be confused.

(emphasis added; instructions omitted).[5]

Both the district court and the court below concluded that there was ample evidence to support these findings and that there was *no* evidence to support the findings in Special Issues Seven and Nine as urged by the Petitioner. 617 F.2d at 1189, n.30 and 1191 App.A at 15a, n.30 and 17a. The judgment n.o.v. entered in accordance with Rule 50(b), Fed.R. Civ.P., was therefore affirmed by the court below looking to the evidence presented at trial and *to the jury's verdict in Special Issues One and Three.*

In attacking the entry of the judgment n.o.v., Petitioner basically attacks the Constitutionality of Rule 50(b). Under Petitioner's theory, all judgments entered notwithstanding the verdict would raise a Constitutional question for this Court.

The law is settled, however, that Rule 50(b) does not violate the Seventh Amendment's guarantee of a jury trial. *Neely* v. *Martin K. Eby Construction Co., Inc.,* 386 U.S. 317, 321 (1967), *reh. denied,* 386 U.S. 1027 (1967). Judgments notwithstanding the verdict are proper because the question of the sufficiency of the evidence is a question of law — outside the province of the jury. *Baltimore & Carolina Line, Inc.* v. *Redman,* 295 U.S. 654, 659 (1935).

Both the court below and the district court found that there was no evidence to support the jury's verdict in Special Issues Nos. Seven and Nine. Both courts also found that Special Issues Nos. One and Three were supported by the evidence. Petitioner was accorded its trial by jury on all counts.

B. The "Fair Use" Defense Precluded Relief Under the Lanham Act

The court below gave full consideration to the arguments now urged by Petitioner regarding Special Issues Nos. Eleven and

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[5] The full text of the special issues appears in the appendix to the opinion below, 617 F.2d at 1192-97, App.A at 18a-24a. These particular special issues appear on pages 1192-93 and in App. A at 18a-19a.

Twelve and Special Issue No. Nineteen, 617 F. 2d at 1189, App. A at 14a.[6] As discussed above, the court properly found Respondent's use to be a fair use in accordance with the jury's verdict. Relief under the Lanham Act is therefore precluded by 35 U.S.C. §1115(b) (4).

In this regard, the testimony quoted on pages 23 and 24 of the Petition bears comment, for Petitioner misses the thrust of its counsel's questions.

The testimony by Mr. Wisnom referred to at page 23 of the Petition pertains only to the initials "R.O.L." Shell placed a trademark notice, (TM) , by those initials, but not by the words for which the initials stand. That testimony is therefore totally irrelevant to the nature of Shell's use of the word "larvicide," or for that matter to any of the issues in this litigation.

Nor does the rest of the testimony quoted bear any relevance to the issue of whether Shell used the word "larvicide" as a trademark. The jury found that Shell did not, and the court below entered judgment on that verdict.

No United States public interest commands this Court to give its time now to rehash these arguments which have already received such careful scrutiny.

C. The Court Below Did Not Apply the Fair Use Defense to the State Cause of Action; Rather, Petitioner's Failure to Prove Likelihood of Confusion Precluded Relief Under the State Standards

As discussed above, the court below disposed of the unfair competition count under state law by affirming the district court's judgment n.o.v. based on Petitioner's failure to show a likelihood of confusion.

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[6] See the discussion accompanying footnote 4, *supra*.

In doing so, the court below considered the state law, including *Harrelson* v. *Wright, supra,* and concluded that even if Petitioner could obtain exclusive rights in its mark, it must also prove that the public is likely to be deceived or confused. 617 F2d at 1190-91, App. A at 16a-17a. No such showing was made here.

The court below did not consider the fair use defense in addressing the state law unfair competition claim. 617 F.2d 1190-91, App. A at 16a-17a. Indeed, Petitioner's "noteworthy" comment concerning fair use (Petition at 21-22) bears the same relevance to disposition of the state unfair competition count as the testimony quoted in the Conclusion (Petition at 23-26) bears to the fair use defense.

There was no violation of the "Erie Doctrine," *Erie R. Co.* v. *Tompkins,* 304 U.S. 64 (1938), and, as discussed above, the rendering of the judgment notwithstanding the verdict was proper.

IV. CONCLUSION

The decision below is in accord with the law of this Court, and there is no new issue of significant public moment for this Court to address. Accordingly, the Petition should be denied.

Respectfully submitted,

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Appendix 1

Name	Business Address
Bullenbay Marine Services N.V.	P.O. Box 660 Willemstad, Curacao Netherlands, Antilles
Butte Pipe Line Company	Two Shell Plaza P.O. Box 2648 Houston, TX 77001
Curacao Oil Terminal N.V.	P.O. Box 660 Willemstad, Curacao Netherlands, Antilles
Dixie Pipeline Company	3376 Peachtree Road, N.E. Atlanta, GA 30302
East Texas Salt Water Disposal Company	Suite 1002 First Place Tyler, TX 75710
Explorer Pipeline Company	Gulf Building Pittsburgh, PA 15219
Gravcap, Inc.	200 East Golf Road Palatine, IL 60067
Inland Corporation	Midland Building Cleveland, OH 33115
LOCAP, Inc.	Two Shell Plaza P.O. Box 2099 Houston, TX 77001
LOOP, Inc.	2150 Westbank Expressway Harvey, LA 70058
MESBIC Financial Corporation of Houston	717 Travis Suite 600 Houston, TX 77001
Olympic Pipe Line Company	P.O. Box 900 Dallas, TX 75221
Penn Central Corporation	1700 Market Street Philadelphia, PA

Name	Business Address
Plantation Pipe Line Company	3390 Peachtree Road, Atlanta, GA 30326
Seadock, Inc.	United States Corporation Co. Littlefield Building Austin, TX 78701
Thums Long Beach Company	Southern California Edison Building Long Beach, CA
West Shore Pipe Line Company	10 South Riverside Plaza Chicago, IL 60606
WIDC (Wyoming Industrial Development Corporation)	145 S. Durbin Casper, WY 86202
Wolverine Pipe Line Company	8500 North Michigan Road Indianapolis, IN 46268